Annual Report 1978

Bramalea Limited

Highlights

	1979	1978
Total Revenue	**$112,422,000**	101,926,000
Earnings before extraordinary item	**$ 9,105,000**	6,546,000
Extraordinary item	**$ 2,450,000**	—
Earnings for the year	**$ 6,655,000**	6,546,000
Total assets	**$406,230,000**	347,936,000
Shareholders' Equity	**$ 38,720,000**	34,741,000
Number of shares issued	**4,811,222**	5,444,629
Number of shareholders	**2,698**	3,216
Earnings per share before extraordinary item	**$ 1.90**	1.24
Earnings per share after extraordinary item	**$ 1.39**	1.24
Cash provided from operations per share	**$ 4.32**	3.13

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President's Report

J. Richard Shiff, Q.C.
President & Chief Executive Officer

I am pleased to report that Bramalea Limited enjoyed its single most successful year in 1978, which also marked a double anniversary for our Company. It was 20 years ago that Bramalea was incorporated as a pioneering community developer and five years ago that the present management began vigorous expansion of the Company into many new areas of real estate development and investment.

Financial Results

Bramalea Limited is currently in the strongest financial position of its history, following the excellent earnings for 1978 and a restructuring of our term financing arrangements.

After-tax earnings from operations for 1978 (the fiscal year actually ending January 31, 1979) reached a record $9,105,000, compared with $6,546,000 a year earlier. During the year, we incurred an extraordinary after-tax expense of $2,450,000 arising from the special one-time interest payment on the rearrangement of our debenture financing. Earnings for the year after this expense were $6,655,000.

Our 1978 earnings per share rose to $1.90 (or $1.39 per share after the extraordinary item), compared with $1.24 per share in the previous fiscal year.

Cash provided from operations once again improved to $20,646,000, or $4.32 per share, compared with $16,562,000, or $3.13 per share, in the previous fiscal year.

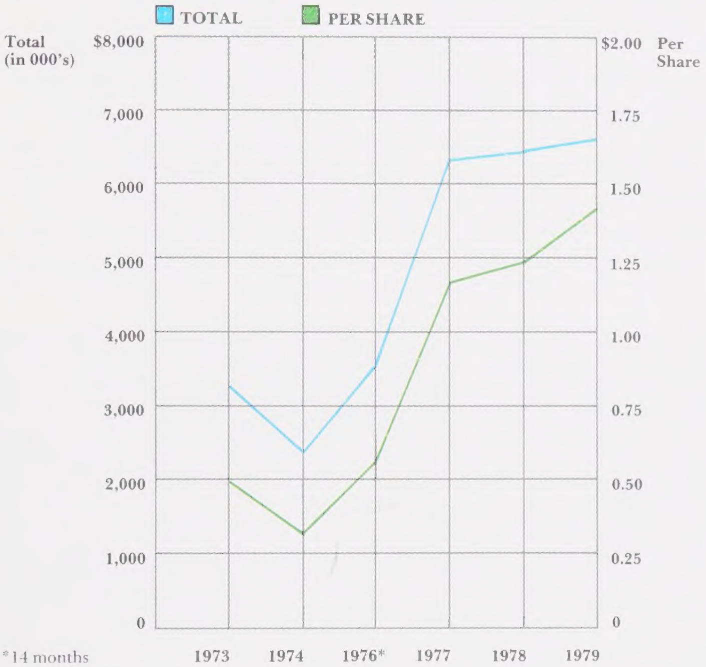
Our Company's book value assets totalled $406,230,000 at year-end, compared with $347,936,000 in 1977.

During the past year, several important changes were made in our Company's debt structure and capitalization.

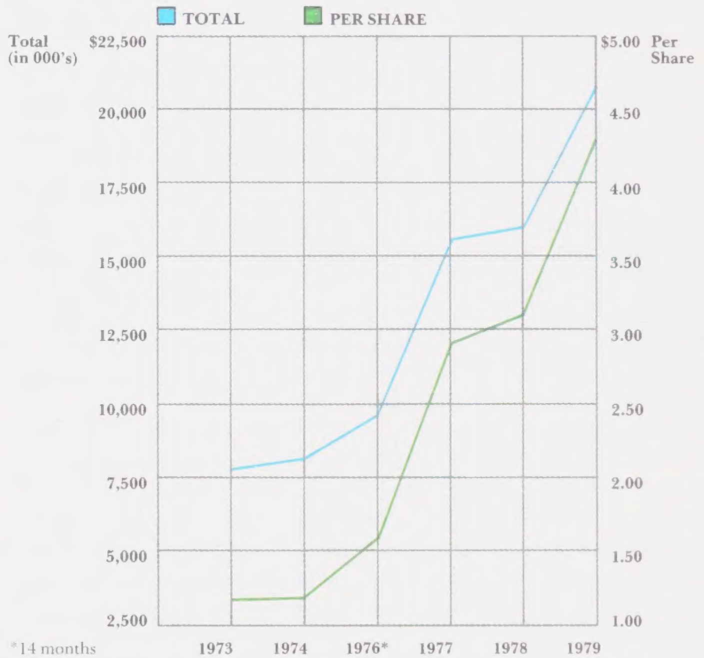
- Short-term bank loans were refinanced on a ten-year term basis.
- A new series of 11 percent non-convertible debentures was created. The new 10-year debentures offered a new form of security to the holders of existing debentures, which were previously only convertible into common shares.
- An arrangement was concluded in June for the Company to purchase for cancellation 470,000 of its own shares at $11.77 per share.
- An offer was made subsequent to year-end to repurchase for cancellation up to 600,000 shares through the facilities of The Toronto Stock Exchange. To date, 364,700 shares have been purchased at $16.25 per share.

Our Company is well positioned to finance and undertake major new ventures in the real estate development field, both in Canada and the United States.

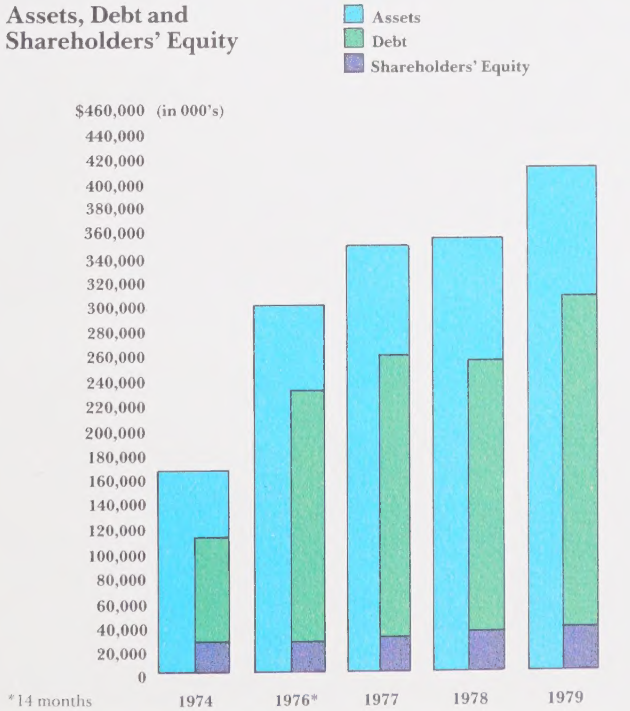
Earnings for the Period



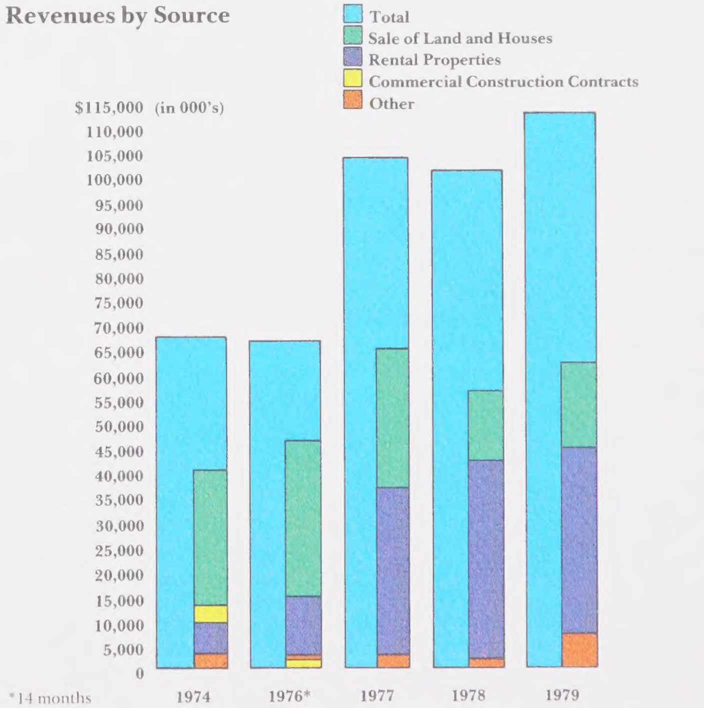
Cash Provided From Operations



Assets, Debt and Shareholders' Equity



Revenues by Source



Housing

The general housing market remained oversupplied last year, though a better balance between supply and demand should begin to emerge in 1979.

In view of market conditions, Bramalea Limited last year decided to refine its housing program. We conducted both broad consumer preference surveys as well as interviews with families to determine why they purchased our products, what they liked and disliked, and what improvements they recommended. As a result, our housing program has become more responsive to the contemporary needs of Canadians. We are tailoring new units to match the requirements of specialized markets which, while relatively small, exhibit strong purchase preferences. We have also developed innovative design concepts to satisfy the demands of home-buyers for specific accommodation features.

An example of this target marketing is our first housing venture within the City of North York in Metropolitan Toronto — the exclusive Ridgegate community of stately homes. This outstanding community will offer up to 300 elegant residences for a spectrum of lifestyles — including such features as ten-foot high glass conservatories, circular staircases, large "greenhouse" kitchens, sunken living rooms, bedroom fireplaces and luxurious ensuite bathroom facilities. Construction on the first phase of this community started in March, 1979.

Also in North York, we are seeking approval to proceed with the first phase of our new development in the Yonge-Sheppard area. We hope to begin construction later this year on a high-rise condominium complex, provided all the necessary approvals are received.

Another example of our fresh marketing approach is the initiation of affordable compact single-family homes on smaller lots. As many as 200 homes are planned for completion this year in two new neighbourhoods of the Bramalea community in the City of Brampton. These land-efficient homes have met with strong buyer enthusiasm.

We also continue to meet the needs of established residents in the Bramalea community who seek to trade-up to more luxurious accommodation. During the year, the distinctive Bramalea Estates and Kimber Park subdivisions were completed and construction was begun on the Kings Row subdivision.

However, while there is a discernible shift in housing preferences towards the ownership of quality homes, our Company is providing a range of accommodation to meet all family needs and budgets. We have started construction on two high-rise rental buildings, containing 370 units, in the Bramalea community. One building should be ready for occupancy this fall and the second in early 1980.

During 1978, we sold and closed 581 single and semi-detached homes, townhouses and high-rise condominium apartments in the Bramalea community, compared with 651 units in the previous year.

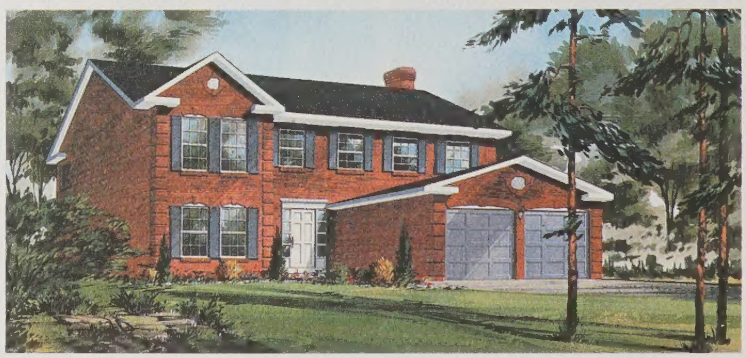
While the Bramalea community remains a major housing market for our Company, we also have substantial residential projects underway in several other communities.

In *Markham*, adjacent to the northeastern boundary of Metropolitan Toronto, we are offering the higher-income market a range of quality homes in our 560-acre Unionville Estates residential community.

In *Pickering*, on the eastern border of Metropolitan Toronto, construction continued in the 1,000-acre Amberlea community. The current phase consists of 600 homes, of which our Company plans to build approximately 400. By year-end, we had completed and sold 301 homes. Negotiations are continuing for the registration of further residential acreage.

In *Ottawa*, we are constructing a high-rise apartment building on a portion of the Riverside Drive site in which the Company has a 75 percent interest. This Multiple Unit Residential Building (MURB), is scheduled for occupancy in early 1980. We also own two other sites in Ottawa, which are being held for future development.

In *Guelph* and *Calgary* we sold a number of building lots during the year, with further acreage being held for future development.



Office Development

Last year saw significant growth in our Office Development Division, which now manages six buildings with more than one million square feet of rentable space.

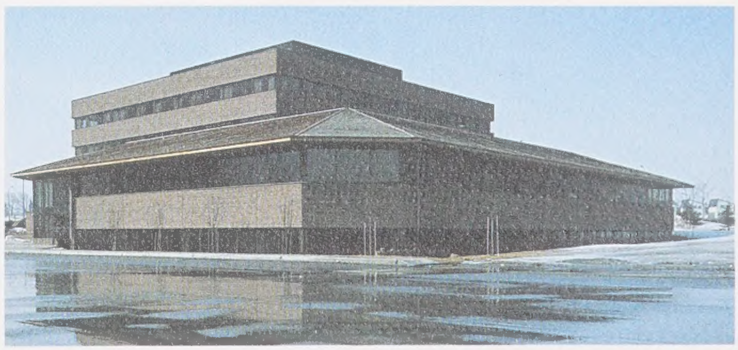
In January, 1979, our Company assumed full operational responsibility for the Toronto Star Building as the final step of the $40 million acquisition announced last July.

Construction was completed and leasing commenced at the two office buildings in the Bramalea City Centre development. These buildings, with 74,000 square feet of leasable space, represent the first phase of our ultimate plan to provide the Bramalea community with more than one million square feet of office space.

We are constructing the Regional Municipality of Peel's headquarters building, which will be a major component of the emerging City Centre development. This complex, scheduled for completion and occupancy in late 1979, will complement the neighbouring Civic Centre, which will become the City Hall for Brampton.

These and other projects are rapidly giving shape to our $100 million development of a town centre core for the Bramalea community.

In *Edmonton*, plans are being finalized for a major office building adjoining our IBM Building. Construction should be underway by early 1980.



Shopping Centres

Our Shopping Centres Division generated substantially improved revenues in 1978 with all centres in Ontario and Western Canada participating in the income growth. Our retail properties provide more than 25 percent of the Company's cash flow on an annual basis. Currently, we own and manage 20 shopping centres with a total rentable area exceeding five million square feet, servicing more than 860 tenants.

Expansions of varying magnitudes are underway at several centres as part of our continuing process of upgrading, enlarging and remerchandising facilities to keep pace with consumer demands.

In Western Canada, we are adding 150,000 square feet of new space to the Town 'n' Country Mall in Moose Jaw. This $8 million expansion will almost double the mall's retail area. The completed centre will contain two major department stores. Other expansions are planned in the west including extensive renovations for the MacLeod Mall in Calgary.

In Ontario, we are planning the eventual expansion of the Bramalea City Centre from 850,000 square feet of rentable area to its potential maximum of 1.2 million square feet. On completion, it is anticipated this flagship mall could contain four department stores and more than 200 individual shops, boutiques and convenience outlets.

This year we plan to begin construction of a new 54,000 square-foot neighbourhood shopping centre in the Bramalea community, containing a major food store and ancillary retail.

Industrial Development

Our Industrial Development Division showed renewed activity in 1978, despite the persistence of a disappointing economic climate. Both of our industrial parks are ideally situated on either side of Metropolitan Toronto and will benefit from any significant revived demand by industry for new or expanded facilities.

In the City of Brampton, our 2,000-acre architecturally controlled Bramalea Industrial Park has 1,400 acres occupied with 400 acres in a construction-ready state and a further 200 acres available for immediate development. In addition, up to 750 acres north of the existing Park could be available for industrial use.

The Bramalea Industrial Park offers excellent transportation facilities. Bramport, the new C.N.R. "piggyback" terminal for Metropolitan Toronto, is adjacent to our park and the Toronto International Airport is in close proximity. Major highways provide convenient trucking access.

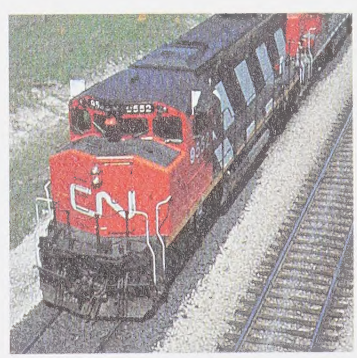
During 1978, we attracted several new industries. Two new buildings, with 251,000 square feet of rentable space, were constructed and virtually leased to three major companies. We also completed construction of the Airport Chevrolet Inc. dealership premises and added further space to an existing leased building. Land was sold to nine companies, which will construct their own industrial facilities.

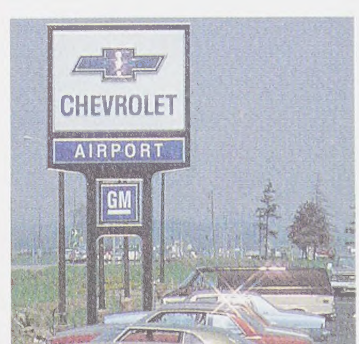
Three further industrial buildings, which are under construction, will be available for occupancy in 1979.

Our industrial rental portfolio in Bramalea totalled more than 1,600,000 square feet at year-end, a significant improvement over the previous year.

In Pickering, we initiated our Amberlea Industrial Park, which offers excellent Highway 401 access and exposure. Rail services are available if required and the land is zoned with roads and services installed during 1978.

Several companies have recently committed to construct buildings in the Park. As well we are planning to construct a building for our own rental portfolio. On other land in Pickering we constructed in 1978 a 148,000 square-foot building, which is fully leased.





Hotels

Our Company enjoyed higher revenues in 1978 from its 75 percent ownership of the Hyatt Regency, Vancouver, and the Four Seasons Hotel, Toronto. Both hotels experienced much improved occupancy levels.

The Toronto hotel (formerly the Hyatt Regency, Toronto) is now being operated for us by Four Seasons Hotels Limited under a participating lease arranged early last year. Currently, $5 million is being expended on this property to ensure it maintains its appeal and reputation as Toronto's top-of-the-market luxury hotel. The hotel's new style and leasing arrangement should produce substantial long-term investment returns.

This spring we will start construction of a 150-room hotel in the Bramalea community. The hotel, owned by Bramalea Limited and leased to Holiday Inns, will open in 1980 with banquet facilities, conference and seminar rooms, entertainment lounges, dining facilities and recreational opportunities. The 116,000 square-foot hotel has been designed for future expansion to enlarge public facilities and double the number of rooms.

U.S. Activities

For the first time since the present management assumed responsibility for Bramalea Limited in 1974 we have been seriously investigating real estate investment opportunities in the United States.

We have purchased for development prime industrial land in Los Angeles, California. The site, when fully developed, will accommodate 600,000 square feet of industrial buildings, with 200,000 square feet anticipated for completion in 1979. Construction has started on our first building with a second expected to be underway shortly. The development is a joint venture, in which our Company has a 50 percent interest.

In Florida, we recently purchased land in Boca Raton, near Fort Lauderdale. Bramalea will manage the development of this project, which is also owned on a 50 percent joint venture basis. Serviced residential lots should be available for construction in late 1979. The Company continues to own commercial land in Atlanta, Georgia.

The Outlook

The current year will be particularly challenging for our company following the achievements of the past five years, which culminated in 1978 as our most outstanding year on record.

Market and economic conditions have not been favourable to investment opportunities and significant growth. Interest rates continue at unacceptably high levels, the economic and political outlook in Canada remains uncertain, and there is a significant inventory of residential, office and industrial space in major markets.

Faced with these constraints, we strongly believe that investment incentives are required to revitalize our industry with its multiplier benefits to the economy as a whole. The housing market specifically deserves stimulative attention, through such incentives as deductibility of mortgage interest for homeowners and other forms of shelter allowances.

We express our thanks and appreciation to the members of our Board of Directors and to our loyal staff for their contribution to the success of Bramalea Limited.

Sincerely

J. Richard Shiff

J. Richard Shiff, Q.C.
April, 1978

Financial Statements

Bramalea Limited

Summary of Significant Accounting Policies

General

The Company is incorporated under The Business Corporations Act of the Province of Ontario and is engaged in the development and sale of real estate and the operation of rental properties throughout Canada.

The Company is a member of the Canadian Institute of Public Real Estate Companies and its accounting policies and standards of financial disclosure are in accordance with the recommendations of that Institute and comply with accounting principles that are generally accepted in Canada and are considered appropriate for the real estate industry.

The financial statements of the Company have been prepared taking into consideration events occurring between January 31, 1979 and March 8, 1979, the date of their approval by the President and Vice President, Finance of the Company.

Principles of consolidation

The consolidated financial statements include the accounts of all companies in which the Company holds a majority interest. Acquisitions are accounted for on the purchase basis and the results of their operations are included in the consolidated statement of earnings and retained earnings from the respective dates of acquisition. The excess of cost over book value of acquisitions is allocated where appropriate to land or rental properties to reflect the fair market value of assets at date of acquisition.

The consolidated financial statements also include the Company's proportionate share of the individual assets, liabilities, revenues and expenses of incorporated and unincorporated joint ventures.

Foreign exchange

Land purchased in a foreign currency has been translated into Canadian dollars at the exchange rate in effect at the date of purchase. Mortgages payable in a foreign currency have been translated at historic exchange rates or, where applicable, at the rates established under foreign currency purchase commitments. Related interest expense has been translated at the average rate for the year.

Valuation of assets

Housing units

Housing units are recorded at the lower of their average cost or net realizable value.

Land

Land is recorded at the lower of its cost, which includes development costs and carrying charges, or net realizable value. Costs are allocated to the saleable acreage of each project or subdivision in proportion to the anticipated revenues.

Rental properties

Rental properties are recorded at cost less accumulated depreciation and amortization.

Depreciation on rental buildings is recorded on a sinking fund basis over a 50-year life for shopping centres and office buildings and a 40-year life for hotels, residential buildings and industrial buildings. The sinking fund method provides a depreciation charge consisting of a fixed annual sum together with interest thereon compounded at 5% per annum, which is sufficient to depreciate fully the buildings over their anticipated useful lives.

Rental buildings on leased land are depreciated over periods not exceeding the related lease terms.

Property and equipment
Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are recorded at rates sufficient to write these assets off over their anticipated useful lives or over the terms of applicable leases.

Capitalization of costs
Carrying charges, principally applicable interest and real estate taxes, are capitalized to land until it is sold and to housing units and rental properties during construction.

Recognition of earnings

Sale of land
Revenue from the sale of land is recorded on closing.

Sale of houses
Revenue from the sale of a single or semi-detached house is recorded when the completed house is conveyed to the purchaser.

Revenue from the sale of a condominium house is recorded when the purchaser pays the amount due on closing, becomes entitled to occupancy and undertakes to assume a mortgage for the balance of the purchase price.

Rental properties
Revenue from rental properties is recorded in earnings from the time the projects are 70% occupied or six months after substantial completion, whichever occurs first. Net profits or losses prior to this time are capitalized to the cost of the property.

Operating results of hotels are included in revenues and expenses of rental properties.

Deferred revenues
Interest discount arising from sales for low-interest or interest-free consideration is charged to cost of land and houses, utilizing appropriate interest rates, and is included in earnings as the related mortgages are repaid.

Profit from the sale and leaseback of rental properties is included in earnings over the terms of the respective leases.

Profit from the sale of land is deferred until collection of the sale proceeds is reasonably assured and all other material conditions are met.

Prepaid and deferred charges
Leasing costs associated with the operation of rental properties owned or leased by the Company are deferred and charged to earnings over the terms of the individual leases.

Other prepaid and deferred charges are charged to earnings in the periods to which they are applicable.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Bramalea Limited as at January 31, 1979 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at January 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Toronto, Canada
March 8, 1979

Chartered Accountants

Bramalea Limited and Subsidiaries

Consolidated Balance Sheet

January 31, 1979

	1979	1978
	(In thousands)	
Assets		
Cash	$ 779	1,625
Receivables (notes 1 and 5)	32,975	32,881
Housing units (note 2)	22,628	27,385
Land (notes 3 and 6)		
Under development	48,736	37,453
Held for future development	50,925	45,827
Rental properties (notes 4 and 6)	242,486	197,199
Property and equipment	2,103	1,112
Prepaid and deferred charges	5,598	4,454
	$406,230	347,936
Liabilities		
Bank indebtedness (note 5)	$ 6,909	11,145
Accounts payable	22,282	17,697
Income taxes payable	319	2,054
Mortgages on housing units (note 2)	16,488	21,259
Mortgages payable (note 6)	277,102	221,075
Debentures payable (note 7)	9,796	11,605
Deferred revenue	1,522	1,548
	334,418	286,383
Deferred income taxes	33,092	26,812
Shareholders' Equity		
Capital stock (note 8)	15,376	15,206
Retained earnings	23,344	22,923
Purchase of capital stock (note 8)	—	(3,388)
	38,720	34,741
	$406,230	347,936

On behalf of the Board

J. Richard Shiff

Director

Ross T. Clarkson

Director

See summary of significant accounting policies and accompanying notes to consolidated financial statements.

Bramalea Limited and Subsidiaries

Consolidated Statement of Earnings and Retained Earnings

January 31, 1979

	1979	1978
	(In thousands)	
Revenues		
Sale of land and houses	$ 62,486	56,979
Rental properties	44,552	42,328
Interest	2,215	1,301
Other	3,169	1,318
	112,422	101,926
Expenses		
Cost of land and houses	41,838	41,073
Rental properties	40,472	38,973
Administrative and general	4,259	4,327
Interest (note 10)	4,982	3,593
Other	2,790	804
	94,341	88,770
Earnings before income taxes and extraordinary item	18,081	13,156
Income taxes	8,976	6,610
Earnings before extraordinary item	9,105	6,546
Extraordinary item (note 7)	2,450	—
Earnings for the year	6,655	6,546
Retained earnings at beginning of year	22,923	16,460
Cancellation of shares (note 8)	(6,234)	(83)
Retained earnings at end of year	$ 23,344	22,923
Earnings per share (note 8)		
Before extraordinary item	$ 1.90	1.24
Extraordinary item	(.51)	—
For the year	$ 1.39	1.24

See summary of significant accounting policies and accompanying notes to consolidated financial statements.

Bramalea Limited and Subsidiaries

Consolidated Statement of Changes in Financial Position

January 31, 1979

	1979	1978
	(In thousands)	
Source of cash		
Cash provided from operations		
Earnings before extraordinary item	**$ 9,105**	6,546
Deferred income taxes	**6,280**	5,789
Depreciation and amortization	**4,678**	3,694
Amortization of deferred charges	**583**	533
	20,646	16,562
Additional (repayment of) mortgage financing — net	**51,256**	(4,768)
Decrease (increase) in housing units	**4,757**	(2,228)
Issue of capital stock (note 8)	**2,856**	335
Net change in other assets and liabilities	**2,769**	1,447
	82,284	11,348
Use of Cash		
Purchase and construction of rental properties	**50,995**	7,583
Additions to land	**16,381**	2,981
Purchase of capital stock for cancellation	**5,532**	3,539
Extraordinary item (note 7)	**2,450**	—
Conversion and redemption of Series A Debentures (note 7)	**1,809**	—
Deferred charges	**1,727**	835
	78,894	14,938
(Decrease) increase in net bank indebtedness	**(3,390)**	3,590
Net bank indebtedness at beginning of year	**9,520**	5,930
Net bank indebtedness at end of year	**$ 6,130**	9,520
Cash provided from operations per share (note 8)	**$ 4.32**	3.13

See summary of significant accounting policies and accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

January 31, 1979

1. Receivables

	1979	1978
	(In thousands)	
Sale of land and houses	$ 1,367	3,220
Due from tenants	4,709	3,368
Mortgages and notes receivable	19,822	15,486
Advances on behalf of joint venture participants	3,028	8,867
Due from officers	2,339	1,406
Other	1,710	534
	$32,975	32,881

Mortgages and notes receivable bear interest at an average rate of 9% and mature at varying dates to 1998. Principal repayments in the year to January 31, 1980 approximate $9,150,000.

In accordance with joint venture agreements, the Company has advanced funds on behalf of certain joint venture participants. The advances bear interest at an average rate of 12%. The participants' share in the assets of the joint ventures are available to meet their obligations. The advances include $2,030,000 (1978-$8,528,000) advanced on behalf of a joint venture participant which is controlled by persons who became directors and officers of the Company subsequent to the commencement of the joint venture.

Amounts due from officers comprise secured advances under employee stock purchase plans and house mortgage loans.

2. Housing units

	1979			1978
	Construction costs	Land costs	Total	Total
	(In thousands)			
Under contract of sale	$ 3,585	1,743	5,328	8,530
Not under contract of sale	13,482	3,818	17,300	18,855
	$ 17,067	5,561	22,628	27,385

At January 31, 1979 mortgages totalling $16,488,000 and bearing an average interest rate of 10-3/4% were outstanding on housing units. As units are sold, the related mortgage obligations are assumed by the purchasers.

3. Land

	Under development		Held for future development	
	1979	1978	1979	1978
	(In thousands)			
Land	$24,305	13,314	33,475	30,346
Carrying charges	8,100	7,226	17,450	15,481
Development costs	16,331	16,913	—	—
	$48,736	37,453	50,925	45,827

	Under development		Held for future development	
	1979	1978	1979	1978
	(In thousands)			
Transactions during the year consisted of:				
Balance at beginning of year	$37,453	35,950	45,827	44,349
Acquisitions	15,352	4,668	4,941	259
Development costs	5,830	6,916	—	—
Interest:				
Specific debt	1,190	1,818	2,103	2,146
General debt	283	278	530	591
Real estate taxes and other costs	490	654	330	586
Transfers between land and other accounts	2,996	869	(2,806)	(2,104)
Cost of land sold	(14,858)	(13,700)	—	—
Balance at end of year	$48,736	37,453	50,925	45,827

4. Rental properties

	1979			1978
	Cost	Accumulated depreciation and amortization	Net	Net
	(In thousands)			
Shopping centres	$105,458	3,757	101,701	101,285
Office buildings	50,298	1,082	49,216	9,581
Hotels	40,027	3,934	36,093	37,272
Residential properties	31,737	3,626	28,111	29,418
Industrial buildings	20,991	668	20,323	17,769
	248,511	13,067	235,444	195,325
Under construction	7,042	—	7,042	1,874
	$255,553	13,067	242,486	197,199

Costs to complete rental properties under construction are estimated at $20,000,000 and related financing has been arranged.

The Company is committed to minimum annual rental payments of $3,200,000 over the next five years in respect of long-term leases of land and rental properties expiring in the years 1997 to 2068. The net book value of rental properties situated on leased land is $60,285,000 (1978—$21,320,000).

5. Bank indebtedness

The bank indebtedness relates to demand operating loans made to the Company and is secured by a general assignment of the Company's receivables together with a floating charge debenture on all of the property and assets of the Company. The floating charge ranks ahead of the charge described in Note 7.

6. Mortgages payable

	Maturity dates	1979 Average interest rates	1979 (In thousands)	1978 (In thousands)
Mortgages on land	1980-1985	10%	$ 33,435	31,337
Mortgages on rental properties	1980-2066	9%	201,286	173,458
Term bank loan, secured by land and rental properties	1985-1989	12%	40,000	—
Other mortgages	1980-1993	7%	1,268	16,280
			275,989	221,075
Interim financing on rental properties under construction (note 4)			1,113	—
			$277,102	221,075

United States dollar obligations of $48,006,000 are included above at historic equivalent Canadian dollars of $48,144,000 and represent obligations of $57,607,000 at exchange rates in effect at January 31, 1979.

Principal repayments due under the terms of the above obligations (excluding interim financing on rental properties under construction) are as follows:

		(In thousands)
Year ending January 31,	1980	$ 19,121
	1981	13,717
	1982	12,929
	1983	10,707
	1984	5,827
	After 1984	213,688
		$275,989

7. Debentures payable

In August 1978 the terms of the previously issued Series A Debentures were amended to give the debentureholders the right to convert Series A Debentures into Series B Debentures in addition to their existing right of conversion into common shares of the Company. The Series B Debentures bear interest at 11% per annum (subject to change by the Company with effect from October 1, 1983), are retractable on October 1, 1983 at the debentureholder's option and mature October 1, 1988. The debentures are secured by a Trust Indenture containing a floating charge on the undertaking and all of the property and assets of the Company, subject to the prior charge described in note 5.

The Series A Debentures outstanding at January 31, 1978 were:	(In thousands)
Converted into common shares (note 8)	$ 1,781
Converted into Series B Debentures	9,796
Redeemed	28
	$11,605

The Series B Debentures provided for a one-time special interest payment on November 1, 1978 of $490 per $1,000 principal amount of debentures held. Such payments aggregated $2,450,000 net of related taxes of $2,350,000 and are shown on the Consolidated Statement of Earnings and Retained Earnings as an extraordinary item.

8. Shareholders' equity

	Capital stock-Common Shares of no par value: Authorized Shares	Issued and Fully-paid Shares	Capital stock stated value	Retained earnings	Total
			(In thousands)		
Balance at January 31, 1978	10,710,462	5,444,629	$15,206	22,923	38,129
Cancellation of 481,591 common shares purchased in 1977	(481,591)	(481,591)	(1,345)	(2,043)	(3,388)
Purchase and cancellation of 470,000 common shares	(470,000)	(470,000)	(1,341)	(4,191)	(5,532)
Issue of 224,834 common shares on conversion of Series A Debentures (note 7)	—	224,834	1,781	—	1,781
Issue of 90,000 common shares under employee stock purchase plan	—	90,000	1,059	—	1,059
Issue of 3,350 common shares under stock option plan	—	3,350	16	—	16
Earnings for the year	—	—	—	6,655	6,655
Balance at January 31, 1979	9,758,871	4,811,222	$15,376	23,344	38,720

At January 31, 1979, 4,811,222 (1978—5,444,629) shares were issued and fully paid. In addition, 10,800 common shares were reserved for the exercise of stock options. The stock options are exercisable at $4.72 per share and expire in the years 1980 to 1985.

Earnings and cash provided from operations per share are based on the weighted monthly average number of shares outstanding during each year (1979—4,783,354 shares; 1978—5,295,417 shares) after giving effect to the purchase of shares for cancellation during each year. The effect of the potential exercise of outstanding stock options is not materially dilutive.

On February 7, 1979 the Directors authorized the Company to purchase up to 600,000 common shares through the facilities of The Toronto Stock Exchange at prices not to exceed $16.25 per share. To March 8, 1979, 364,700 shares were purchased at a price of $16.25 per common share.

9. Joint ventures

The consolidated financial statements include the Company's interest in its joint ventures as follows:

	1979	1978
	(In thousands)	
Balance Sheet		
Assets	$33,077	37,638
Liabilities	$20,211	13,224
Equity and advances	12,866	24,414
	$33,070	37,638
Statement of Earnings		
Revenues	$17,132	23,328
Expenses	15,767	21,386
Earnings before income taxes	$ 1,365	1,942

The Company has guaranteed bank and mortgage indebtedness of certain joint ventures amounting to $4,950,000.

Total liabilities of unincorporated joint ventures for which the Company is contingently liable aggregated $27,600,000 at January 31, 1979. The total assets of these joint ventures are in excess of the liabilities.

10. Interest

Interest incurred during the period amounted to $28,212,000 (1978—24,963,000) and has been recorded as follows:

	1979	1978
	(In thousands)	
Capitalized		
Housing units	$ 2,366	2,757
Land	4,106	4,833
Rental properties under construction	251	212
	6,723	7,802
Expensed		
Rental properties	16,507	13,568
Interest	4,982	3,593
	21,489	17,161
	$28,212	24,963

Capitalized interest is subsequently charged to earnings as a cost of land and house sales and through depreciation of rental properties.

11. Remuneration

The aggregate direct remuneration paid by the Company to directors and senior officers as defined in The Business Corporations Act for the year ended January 31, 1979 was $715,226.

Historical Financial Review

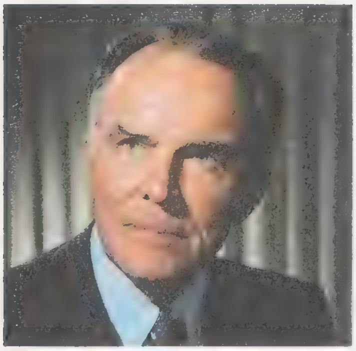
	1979	1978	1977	1976*	1974	1973
	(In thousands)					
Total revenue	$ 112,422	101,926	104,022	66,339	66,828	71,316
Earnings for the period	$ 6,655	6,546	6,350	3,540	2,452	3,312
Cash provided from operations	$ 20,646	16,562	16,006	9,812	8,372	7,953
Total assets	$ 406,230	347,936	344,298	297,143	164,292	149,316
Shareholders' equity	$ 38,720	34,741	31,399	26,193	27,984	27,160
Number of shares issued	4,811,222	5,444,629	5,422,013	5,644,376	7,178,614	7,123,114
Earnings per share	$ 1.39	1.24	1.15	.57	.34	.49
Cash provided from operations per share	$ 4.32	3.13	2.90	1.59	1.18	1.16

*Fourteen month period

Senior Management

Bramalea Limited, a Company incorporated in 1958, became the responsibility of the present senior management in August 1974. Today, it is a Canadian-owned, fully-integrated real estate company with major assets in Ontario and Western Canada.

The following are the officers and senior executives of the Company:



John H. Taylor
Chairman of the Board

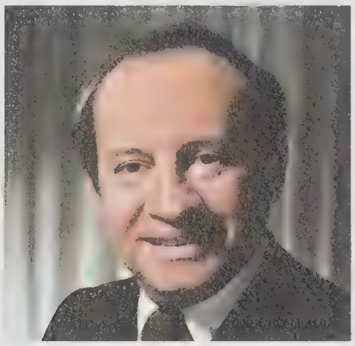
J. Richard Shiff, Q.C.
President and Chief Executive Officer

Kenneth E. Field
Executive Vice-President

Benjamin Swirsky
Executive Vice-President

Morey I. Speigel
Senior Vice-President

Stewart D. Davidson
Vice-President
Finance & Treasurer



Gordon L. Deson
Vice-President
Construction Division

Bruce D. Pattison
Vice-President
Shopping Centre Division

Peter B. Perrin
Vice-President
Marketing Division

Morris Smith, Q.C.
Vice-President
Land Division

William A. Bodrug
General Manager
Office Development
Division

Myron Boltman
General Manager
Industrial Development
Division

The Evolution of Bramalea Limited

Last year marked two important milestones in the evolution of Bramalea Limited. It was the twentieth anniversary of the Company's founding by a group of English investors, who had a vision of creating a new town to the west of Metropolitan Toronto. It was also the fifth anniversary of the Company's change-over under current management into an all-Canadian and diversified development corporation.

When the Company was incorporated, new towns were in vogue throughout North America. Our Company's original investors purchased 8,000 acres of land in the former Township of Chinguacousy and boldly proposed the creation of a total community with a balance of residential neighbourhoods, providing housing for all lifestyles and income levels . . . industrial parks, which would create local employment . . . a large regional shopping centre and ancillary neighbourhood retail outlets . . . commercial space for local businesses and governments . . . and extensive cultural, recreational and community facilities.

Of the dozens of new towns started in the late 1950s, only a few have materialized. The Bramalea community, in what is now the City of Brampton, is one of the success stories. It is the largest existing new town development in Canada. It also offers its residents more open parkland and recreational facilities than any comparable community.

In 1974, Canadian investors assumed responsibility for the Company. One of their early initiatives was repatriation of ownership, making Bramalea Limited a truly Canadian enterprise.

In its first five years, the Canadian team continued the development of the Bramalea community by expanding and enriching its housing stock. Today, Bramalea has a population exceeding 60,000 people with an optimum size estimated at over 100,000 residents.

A recent major initiative is the completion of the Bramalea City Centre as a focal point of commercial, cultural, social and civic activities. This $200 million project, which is almost half completed, is one of the most significant town centre developments in Canada. This town centre will contain more than one million square feet of campus-styled office space, a hotel, government buildings, urban housing and a much expanded shopping centre.

Since 1973, Bramalea Limited has enlarged its experience as a community developer by undertaking the creation of yet another major community — the 1,000-acre Amberlea community on the eastern border of Metropolitan Toronto.

The Company has become an active residential developer in several established communities. Two notable projects in the Metro Toronto area offer elegant homes to the high-income market — our 560-acre development in Markham and the Ridgegate community in North York.

In the past five years, a primary objective of the present management has been the development of a strong portfolio of income-producing properties. This objective has accelerated the Company's diversification into all aspects of real estate investment and property management.

The following tabulation capsulizes the Company's successful expansion since 1973 to the end of 1978.

	1973	**1978**
Shopping Centres		
Number of Centres	6	20
Rentable Retail Area	2.2 million sq. ft.	5.2 million sq. ft.
Office Buildings		
Number of Buildings	1	6
Rentable Office Space	113,000 sq. ft.	1.1 million sq. ft.
Industrial Portfolio		
Number of Buildings	12	27
Rentable Industrial Area	730,000 sq. ft.	1.9 million sq. ft.
Hotels		
Number of properties	—	2
Number of rooms	—	1,166
Residential Rentals		
Number of buildings	9	11
Number of units	1,300	1,930

This solid growth has been reflected in the Company's financial results during the past five years.

Assets	$149 million	$406 million
Earnings	$3.3 million	$ 9.1 million
Cash flow	$8 million	$20.6 million
Earnings per share	$0.49	$1.90
Cash flow per share	$1.16	$4.32

The following is a brief description of the Company's principal operation and property portfolio:

Land Development

The Company owns directly and through joint ventures approximately 5,500 acres of land which are under development or are being held for future development. Most of these lands are in and surrounding the Metropolitan Toronto market with prime parcels in several other key markets. Our net land holdings have changed only marginally during the past five years.

	Total Acreage	Bramalea's Interest
Bramalea	2,962	100%
Pickering	67	100
Pickering	775	60*
Unionville	556	100
Ottawa	23	75
Ottawa	249	50
Orangeville	200	50
Guelph	94	100
Guelph	155	85
Edmonton	85	100
Calgary	80	50
Other	282	50/100
	5,492	

*Remaining 40% purchased in 1979.

Construction

The Company undertakes all types of construction for its own account. In recent years, our construction volume has averaged more than $40 million annually. Where necessary, the Company subcontracts customized construction to ensure the inclusion of the most advanced building innovations.

Sales & Marketing

The Company has sold more than 4,000 housing units during the past five years. Specialized consumer preference studies and surveys are conducted to ensure our marketing campaigns meet changing buyer expectations for our housing, which ranges from the affordable to luxurious residences.

Shopping Centres

The Company owns and manages 20 shopping centres in Ontario and Western Canada with a total rentable area exceeding five million square feet, servicing more than 860 tenants. Our Western Region consists of eleven centres with 2.9 million square feet of rentable area for 460 tenants. In Ontario, we own and operate nine shopping centres with 2.3 million square feet of rentable space for approximately 400 tenants.

	Rentable area in sq. ft.	No. of Stores & Tenants
Eastern Region		
Bramalea City Centre Bramalea Ont.	850,000	160
Niagara Peninsula Shopping Centre (Pen Centre) St. Catharines, Ont.	874,300	111
Harwood Place (Note 1) Ajax, Ont.	207,100	36
Huronia Mall Midland, Ont.	66,800	19
Northgate Shopping Centre Bramalea, Ont.	16,400	9
Queenston Mall (Note 1) Hamilton, Ont.	150,200	28
Royal Orchard Shopping Centre Thornhill, Ont.	45,800	10
Southgate Village Shopping Centre (Note 1) Bramalea, Ont.	27,400	14
Thorold Stone Mall Niagara Falls, Ont.	57,800	15
Eastern Region Total	2,295,800	402
Western Region		
Brandon Mall Brandon, Man.	218,000	35
Brandon Annex Brandon, Man.	22,800	6
Brentwood Mall (Note 2) Burnaby, B.C.	436,300	63
Confederation Park Plaza Saskatoon, Sask.	235,600	35
Lougheed Mall (Note 2) Burnaby, B.C.	491,900	80
Marlborough Town Square Calgary, Alta.	550,000	95
Macleod Trail Mall Calgary, Alta.	232,300	37
Plaza 22 Saskatoon, Sask.	27,200	16
South Hill Shopping Centre Prince Albert, Sask.	257,000	34
Town 'n' Country Mall Moose Jaw, Sask.	210,400	33
Trans Canada Mall Calgary, Alta.	198,000	28
Western Region Total	2,879,500	462
Total Portfolio	5,175,300	864

Notes

(1) Leased property

(2) Bramalea has a 50% ownership in Brentwood Mall and Lougheed Mall.

Industrial

The Company continues to develop a 2,000-acre Industrial Park in the Bramalea community, which now contains more than 150 industries. We also own significant industrial acreage on the eastern side of Metropolitan Toronto in the Amberlea Industrial Park. The Company constructs industrial buildings for lease, and offers serviced land for sale.

	Rentable Area in Sq. Ft.
Aircraft Appliances and Equipment Limited	114,100
Airport Chevrolet Inc.	25,000
Boots Drug Stores (Canada) Ltd.	68,000
Brock Containers Limited	126,000
Burlington Carpet Mills (Canada) Ltd./ Mack Truck Canada Limited	103,200
Canadian Gypsum Company Limited/ Custom Enamelware Ltd.	90,700
Canterbury Foods Limited	18,900
Champion Road Machinery Sales Ltd.	36,000
Clorox Company of Canada Ltd./ Manutec Steel Industries Limited	69,000
Comshare Limited	12,000
Dodge Canada Division — Reliance Electric/ Sonoco-Mauser Containers Ltd.	103,000
Ducon-Mikropul Canada Limited	18,500
Highway Trailers of Canada Limited	25,800
International Paints (Canada) Limited	92,400
Inter Traffic Limited (note 1)	91,000
Multi-Tenancy	97,700
Multi-Tenancy (note 2)	87,000
Multi-Tenancy (note 2)	95,000
North American Wallpapers Limited	62,400
P.H.A. Industries Limited (note 1)	148,000
Plastmo Ltd.	31,000
Reed Paper Limited	128,000
Root Wire Ltd.	24,200
Single Tenancy (note 2)	38,000
Source Data Control Ltd.	111,100
Volvo Canada Limited	15,200
Western Controls Incorporated	25,800
Total	1,857,000

Notes
(1) Located in Pickering, Ontario; all other properties are located in Bramalea, Ontario.
(2) Under construction.

Office Buildings

The Company owns and manages six office buildings with more than one million square feet of rentable space. These include the IBM Building in Edmonton, the Marlborough Professional Building in Calgary, and the Toronto Star Building and Bramalea Limited Building in Toronto. A further office building is planned for Edmonton.

	Rentable Area in Sq. Ft.
The Toronto Star Building, Toronto, Ontario	776,600
1867 Yonge Street, Toronto, Ontario	113,000
40 Peel Centre Drive, Bramalea, Ontario	17,500
44 Peel Centre Drive, Bramalea, Ontario	56,400
I.B.M. Building, Edmonton, Alberta	80,000
Marlborough Professional Building, Calgary, Alberta	50,000
Total	1,093,500

Hotels

The Company owns 75% of the prestigious 656-room Hyatt Regency Hotel in downtown Vancouver . . . 75% of the luxury 510-room Four Seasons Hotel in downtown Toronto . . . and 100% of the 150-room Holiday Inn which is planned for construction this year as part of the Bramalea City Centre.

Residential Rental

The Company owns and manages nine residential properties containing 1,561 rental units. A further 370 rental units are under construction.

Apartment Buildings	Units
15 Eastbourne Drive Bramalea, Ontario	170
37 Eastbourne Drive Bramalea, Ontario	170
9 Lisa Street* Bramalea, Ontario	185
11 Lisa Street* Bramalea, Ontario	185
Buchanan Tower 5 King's Cross Rd., Bramalea, Ontario	212
Cameron Tower 3 Knightsbridge Rd., Bramalea, Ontario	308
Folkstone Terrace Clark Blvd., Bramalea, Ontario	183
Mackenzie Tower Kensington Rd., Bramalea, Ontario	148
Munro Tower 11 Knightsbridge Rd., Bramalea, Ontario	178
Total	1,739

Townhouses	Units
York Square North Gosford Blvd., Downsview, Ontario	91
Townhouses Balmoral Dr., Bramalea, Ontario	101
Total	192

*Under construction

U.S. Operations

Recently, the Company acquired prime parcels of industrial and residential lands for immediate development in California and Florida. Other property and development acquisitions are being investigated in key U.S. markets.

Corporate Directory

Directors

Ross T. Clarkson, Q.C.
Montreal, Canada
Partner — Courtois, Clarkson, Parsons & Tétrault

Sydney C. Cooper, P.Eng.
Toronto, Canada
Business Consultant

Kenneth E. Field, B.A., LL.B.
Toronto, Canada
Executive Vice-President

David L. Goldberg
Toronto, Canada
President — A.R. Clarke & Co. Ltd.

Enid G. Hildebrand, M.A., LL.B.
Toronto, Canada
Associate — Outerbridge, Thomas & Mueller

John O. Hinds
Toronto, Ontario
President — Noranda Exploration Company Limited

J. Richard Shiff, Q.C.
Toronto, Canada
President

Morey I. Speigel, P.Eng.
Toronto, Canada
Senior Vice-President

John H. Taylor, B.Eng. (Civil)
Toronto, Canada
Chairman — NorthAmerican Life Assurance Company

Officers

John H. Taylor
Chairman of the Board

J. Richard Shiff, Q.C.
President and Chief Executive Officer

Kenneth E. Field
Executive Vice-President

Benjamin Swirsky, LL.B., F.C.A.
Executive Vice-President

Morey I. Speigel, P.Eng.
Senior Vice-President

Stewart D. Davidson, C.A.
Vice-President, Finance and Treasurer

Gordon L. Deson, P.Eng.
Vice-President, Construction Division

Bruce D. Pattison
Vice-President, Shopping Centre Division

Peter B. Perrin
Vice-President, Marketing Division

Morris Smith, Q.C.
Vice-President, Land Development Division

S. Peter Crawford
Secretary

Executive and General Offices

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1867 Yonge Street
Toronto, Canada
M4S 1Y5

Western Regional Office

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Suite 380
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Calgary, Alberta
T2A 5H5

U.S. Regional Office

Bramalea Limited
Suite 2390
2049 Century Park East
Los Angeles, California
90067

Trustee for Debentures

Canada Permanent Trust Company
Toronto, Canada

Registrars & Transfer Agents for Stock

Canada Permanent Trust Company
Toronto, Canada

Stock Exchange Listing

The Toronto Stock Exchange
Toronto, Canada

Auditors

Peat, Marwick, Mitchell & Co.
Toronto, Canada